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C O N F I D E N T I A L MUSCAT 001722

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DEPARTMENT FOR NEA/ARP, NEA/PI (S. FRANCESKI AND B. ORBACH), DRL (A. ANZALDUA)
DEPARTMENT PASS USTR FOR J. BUNTIN AND A. ROSENBERG
DOL FOR J. SHEA, B. SHEPARD AND J. RUDE
US MISSION GENEVA FOR LABOR ATTACHE

E.O. 12958: DECL: 12/23/2016

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SUBJECT: MORE PROMISED CHANGES TO OMAN'S LABOR LAWS

REF: MUSCAT 1565

Classified By: Ambassador Gary A. Grappo, reasons 1.4 b/d.

¶1. (C) On December 19, Minister of Commerce and Industry Ali Sultan Maqbool and Minister of Manpower Juma ali-Juma told Emboffs and representatives of the Office of the United States Trade Representative (USTR) that they intend to issue new ministerial decisions to fulfill Oman's labor reform commitments in connection with the U.S.) Oman Free Trade Agreement (FTA) (ref). After a week of discussions, officials acting on behalf of both ministers agreed to: amend Ministerial Decision 294 to strengthen provisions for collective bargaining and the right to strike; amend Ministerial Decision 311 to define the role of the General Federation of the Sultanate of Oman's Laborers, and protect worker choice and freedom of association; and clarify Article 106 of the 2003 Labor Law to mandate reinstatement at the worker's request for termination due to lawful union activity.

¶2. (C) In addition to these steps, Ministers Maqbool and ali-Juma stated that they are willing to draft a letter to USTR Susan Schwab outlining how Omani law already covers other labor-related commitments specified in Minister Maqbool's March 26 and May 8 letters to former USTR Robert Portman (ref). According to officials, the letter likely will cover four points: that the provisions of ILO Convention 29 on Forced or Compulsory Labor, which Oman ratified in 1998, carry the force of domestic law under Oman's Basic Law and, therefore, meet Oman's commitment to delineate the types of public service that may be subject to compulsory work requirements; that the scope and level of collective bargaining as written in Ministerial Decision 294 includes bargaining over wages and hours at the level of the firm, sector, and craft; that the existing procedures for strike arbitration require the consent of both parties at each stage; and that the government will determine at the end of one year necessary penalties to force compliance with the Ministry of Manpower's administrative circular prohibiting the withholding of worker passports. The letter also likely will clarify that the prohibition extends to other personal documents, officials stated.

3) (C) Comment: Ministers Maqbool and ali-Juma were clear that the new ministerial decisions and letter to Ambassador Schwab are intended to remove labor issues once and for all as a possible impediment to FTA implementation. To that end, they hope to move quickly and complete their work as early as the second week of January 2007. Both ministers asserted that the FTA process has resulted in stronger domestic labor provisions, for which they expressed gratitude. They implied, however, that they are under pressure from their

domestic audience- particularly private businesses- to ensure the stability of the labor market. As a result, they stressed that the government now needs time to implement the changes, and help guide the country through what they described as a new social experiment. End comment.
GRAPPO